



Maryland Affordable Housing Trust

Annual Report FY 2018

PRESENTED TO

Governor Larry Hogan  The Maryland General Assembly



Kenneth C. Holt, *Secretary*
Maryland Department of Housing
and Community Development

ALICE G. PINDERHUGHES, *Esq.*, *Chair*
Maryland Affordable Housing Trust

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2018 ANNUAL REPORT

Background

The Maryland Affordable Housing Trust (MAHT) was created by Chapter 265 of the Laws of Maryland 1992 (The Housing and Community Development Article, §§10-101 - 10-301, of the Annotated Code of Maryland, as amended). The purpose of MAHT is to enhance the availability of affordable housing throughout the State by providing assistance for households earning less than 50% of median income, with a preference given to serving households earning less than 30% of median income.

MAHT may solicit and accept gifts, grants, or money from the federal government, State government, local governments or any private source. MAHT also receives interest money earned on certain trust accounts held by title insurers or their agents under §22-103 of the Insurance Article of the Annotated Code of Maryland, as amended. A title insurer or its agent must pool and commingle money received from clients or beneficial owners in connection with escrows, settlements, closings, or title indemnification if, in the judgment of the insurer or its agent, a separate deposit of the trust money would generate interest:

1. of \$50 or less; or
2. more than \$50 in interest, if the reasonable and customary charges of the financial institution are anticipated to be more than the interest which would be earned on the trust money if separately deposited into a MAHT interest bearing account.

The financial institution in which a commingled account is maintained must pay the interest earned on the account, at least quarterly, less any reasonable and customary service charges of the financial institution, to the Maryland Affordable Housing Trust to enhance the availability of affordable housing throughout the State.

An 11-member Board of Trustees appointed by the Governor receives applications for awards, makes the final decision about the awards, and develops a process for making awards that encourages a broad geographic distribution of funds. The Board reviews requests for funds and distributes awards of fund money for the following activities:

- acquisition, construction, rehabilitation or preservation of affordable housing;
- efforts of nonprofit organizations to develop affordable housing; and
- operating expenses of housing developments, which promote affordable housing.

Under the Housing and Community Development Article, §10-110 (b), MAHT is required to submit a report annually to the Governor and General Assembly. The report shall set forth MAHT's complete operating and financial statement and summarize its activities for the preceding fiscal year. This report is submitted in accordance with this requirement.

Financial Summary

An independent audit was conducted pursuant to state law by SB & Company, LLC Certified Public Accountants. Based upon the Audited Financial Statement provided by the independent auditors, in fiscal year 2018 MAHT received \$2,041,363 from interest earned on title companies' escrow accounts, return of unused funds, loan repayments and compliance remittances. Prior to fiscal year 2010, MAHT also received the interest earned on the cash balances held in the State Treasury. However, in fiscal year 2010 MAHT was subjected to legislation (HB151/SB141) that required interest earnings on cash balances held by the Treasurer to be accrued to the General Fund of the State. Thus MAHT has elected to segregate the two types of interest earned in the summary of revenues and expenditures (see Attachment 1). From its inception in 1992 through the end of fiscal year 2018, MAHT has received approximately \$49 million in revenue. The amount of interest revenue received each year depends upon market conditions affecting the title industry.

Of the approximately \$49 million in revenues received, which includes \$1 million in General Fund Appropriation added in 2007 and \$2 million in Maryland Consolidated Capital Bond funding added in 2011, over \$46 million has been awarded. An amount of approximately \$2 million, which includes return of unused funds, repayments of any repayable grants and cancelled awards, is available for future funding rounds. Attachment 1 is a summary of revenues and expenditures to date. At the beginning of calendar year 2018, there were 646 title companies licensed by the Maryland Insurance Administration as title insurance producer firms.

Over the past several years, MAHT has worked with the enforcement section of the Maryland Insurance Administration (MIA) to ensure that Title Insurance Producers are in compliance with the MAHT law and regulations. These efforts have recouped approximately \$1.8 million in additional revenue for MAHT as of June 30, 2018 and \$13,871 in the current fiscal year.

Funds Distribution

MAHT funds are distributed through competitive funding rounds each year. Preference is given to funding housing developments that provide the longest term of affordability, and to funding capital projects serving those most in need of affordable housing. Capital projects include costs associated with the construction, acquisition and/or rehabilitation of housing units. Preference is also given to projects that provide both housing and self-sufficiency assistance for families with minor children or for single adults in need of single room occupancy permanent housing. MAHT financial assistance may also be provided to non-profit developers for capacity building (such as hiring/training staff); operating assistance (including utility and maintenance costs); homeowner assistance (homebuyer counseling/mortgage write-down programs); and predevelopment costs (such as site surveys and architectural design).

Funding Awards

Between October 1, 1992 and June 30, 2018, there has been funding of forty one rounds, funding for DHCD's Preserving Homeownership initiative and funding for Hurricane Isabel related issues. A total of 825 grants, totaling approximately \$46.7 million have been awarded. The table on the next page shows the activities that were funded through the current fiscal year. Exhibit A is a summary of the activities funded since inception of MAHT and Exhibit A-1 lists the activities funded for fiscal year

2018 only. Exhibits B and B-1 show the geographical distribution of the funds throughout the State, from the inception of the program and for fiscal year 2018. Exhibit C lists the projects that were funded during funding round 41.

MAHT Activities Funded Since Inception

Predevelopment costs	\$ 2,942,925
Capital projects	32,196,188
Operating assistance	4,925,683
Nonprofit capacity building	2,142,375
Working Capital Loans (FY 2003)	250,000
Support Services (includes Homeownership Counseling and Home Owners Preserving Equity "HOPE" initiative)	<u>4,446,317</u>
All numbers approximate	
Total	\$46,749,962

Leverage

MAHT's goal is to use its funds to leverage other funds or to fill the gap in a financing package. In fiscal year 2018, \$927,695 in MAHT funds leveraged approximately \$5.68 million in total project and program development costs, nearly a 6:1 ratio. Other funds leveraged include local, State and federal funds, as well as private financing and foundation grants.

Activities

In addition to making awards in the funding round, the full Board of Trustees met three times in the calendar year, as provided in its by-laws.

Financial Audit

During the fiscal year, the financial records of MAHT were audited for the period July 1, 2017 through June 30, 2018. The independent auditors found MAHT's financial statements to present fairly MAHT's financial position for that period. The internal control structure of MAHT and its operations were reported to be in conformance with standards established by the American Institute of Certified Public Accountants. A financial audit of the books and records of MAHT is conducted annually.

Conclusion

MAHT continues to meet its goal of providing flexible financing to enhance the availability of affordable housing throughout the State. During fiscal year 2018, MAHT made 22 awards. MAHT has also successfully leveraged other funds and distributed its resources widely throughout the State. MAHT has been able to accomplish its goals and objectives in an efficient manner, as evidenced by the low administrative expenditures. Due to the downturn in the economy and the real estate markets, the MAHT Board expects to hold only one funding round next year and will continue to provide housing assistance to Maryland's most needy citizens.

Board of Trustees

Each of the 11 voting members of the Board fills a category specified by the enabling legislation. The board members as of June 2018 are:

<u>MEMBER</u>	<u>CATEGORY</u>
Alice G. Pinderhughes Attorney-At-Law	Chair, Representing General Public
Dr. Sandra Edmonds Crewe Howard University	Representing Social Service Providers
Dale R. McArdle Associated Catholic Charities (Retired)	Representing Nonprofit housing developers
Eric C. Brown Prince George's County Department of Housing and Community Development	Representing Public Housing Authorities
Elizabeth S. Glenn Baltimore County Office of Community Conservation (Retired)	Representing General Public
Myriam Torrico Montgomery County Department of Housing and Community Affairs	Representing local governments
Shirley D. Butler-Walker Phoenix Group-MD, LLC	Representing General Public
Linda L. Rose First American Title Insurance Company	Representing State title companies
Albert (Buz) Winchester Retired	Representing General Public
(Vacant)	Representing State financial institutions
(Vacant)	Representing for-profit housing developers
(Vacant)	Ex officio, Representing President of the Senate
Honorable Stephen W. Lafferty	Ex officio, Representing Speaker of the House
Kenneth C. Holt Secretary	Ex officio, Maryland Department of Housing and Community Development

Attachment 1

MARYLAND AFFORDABLE HOUSING TRUST

Summary of Revenues and Expenditures October 1, 1992 through June 30, 2018

Revenue from Interest Earned by Title Companies	\$ 39,034,864
Revenue recovery via MIA enforcement action	1,823,025
Interest earned on the MAHT account with the Treasurer (Oct. '92 – June '09)	3,132,059
Awards cancelled or decreased	2,901,145
Return of unused funds, loan repayments	2,351,894
Department of Housing and Community Development Support Program	231,135
Donations	13,359
2007 General Fund Appropriation	1,000,000
FY 09 Reduction in General Fund contingent liability	(8,784)
Maryland Consolidated Capital Bond Loan (MCCBL) AY 10 amount	2,000,000
Grant Awards	(46,631,962)
Administrative Expenses*	(1,609,650)
Budget Revision under 2003 House Bill 40	(2,300,000)
Balance Available for Future Funding Rounds	<u><u>\$ 1,937,085</u></u>

* Up to 5% of Trust monies may be used for actual operating and staffing expenses (The Housing and Community Development Article, §§10-102(b), of the Annotated Code of Maryland, as amended) All figures approximate.

Exhibit A
MARYLAND AFFORDABLE HOUSING TRUST

Awards Made in Rounds 1 - 41
October 1, 1992 through June 30, 2018

Funding Cycle	Capital	Capacity	Other*	Predev	Operating	Support	Total
Round 1	\$ 60,710	\$ 141,115	\$ -	\$ -	\$ 148,800	\$ 189,010	\$ 539,635
Round 2	\$ 313,675	\$ 50,000	\$ -	\$ -	\$ -	\$ 167,650	\$ 531,325
Round 3	\$ 315,353	\$ 49,500	\$ -	\$ 45,200	\$ 100,000	\$ 56,000	\$ 566,053
Round 4	\$ 375,000	\$ -	\$ -	\$ 37,300	\$ 124,245	\$ 70,600	\$ 607,145
Round 5	\$ 175,000	\$ -	\$ -	\$ 58,000	\$ 285,344	\$ 134,400	\$ 652,744
Round 6	\$ 335,740	\$ 10,000	\$ -	\$ 135,000	\$ 7,390	\$ 111,500	\$ 599,630
Round 7	\$ 379,867	\$ 50,000	\$ -	\$ 110,000	\$ 81,756	\$ 46,900	\$ 668,523
Round 8	\$ 513,330	\$ -	\$ -	\$ 137,000	\$ 52,945	\$ 5,250	\$ 708,525
Round 9	\$ 412,100	\$ -	\$ -	\$ 117,500	\$ 118,300	\$ 139,467	\$ 787,367
Round 10	\$ 448,450	\$ 30,000	\$ -	\$ 50,000	\$ 127,700	\$ 69,000	\$ 725,150
Round 11	\$ 524,853	\$ 100,000	\$ -	\$ 60,130	\$ 96,475	\$ 58,000	\$ 839,458
Round 12	\$ 653,870	\$ 62,500	\$ -	\$ -	\$ 50,000	\$ 33,750	\$ 800,120
Round 13	\$ 549,000	\$ 50,000	\$ -	\$ 38,000	\$ 17,000	\$ 75,000	\$ 729,000
Round 14	\$ 584,650	\$ 52,500	\$ -	\$ 102,000	\$ 11,250	\$ 50,000	\$ 800,400
Round 15	\$ 610,850	\$ 33,000	\$ -	\$ 171,000	\$ 42,500	\$ 12,500	\$ 869,850
Round 16	\$ 707,500	\$ 5,000	\$ -	\$ 128,750	\$ 100,000	\$ 80,000	\$ 1,021,250
Round 17	\$ 503,200	\$ -	\$ -	\$ -	\$ 77,500	\$ 52,500	\$ 633,200
Capacity Building	\$ -	\$ 1,021,000	\$ 250,000	\$ -	\$ -	\$ -	\$ 1,271,000
Round 18	\$ 745,130	\$ 102,150	\$ -	\$ 65,000	\$ 73,720	\$ -	\$ 986,000
Round 19	\$ 610,000	\$ 45,000	\$ -	\$ 75,000	\$ 248,500	\$ -	\$ 978,500
Round 20 (with HI)	\$ 670,063	\$ 36,000	\$ -	\$ -	\$ 114,760	\$ 18,000	\$ 838,823
Hurricane Isabel	\$ 365,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 365,000
Round 21	\$ 648,000	\$ 17,850	\$ -	\$ -	\$ 115,150	\$ 117,350	\$ 898,350
Round 22	\$ 834,700	\$ -	\$ -	\$ 150,000	\$ 87,500	\$ -	\$ 1,072,200
Round 23	\$ 1,230,700	\$ -	\$ -	\$ 282,500	\$ 221,350	\$ 48,300	\$ 1,782,850
Round 24	\$ 967,782	\$ -	\$ -	\$ 65,000	\$ 213,500	\$ 57,900	\$ 1,304,182
Round 25	\$ 1,064,424	\$ 45,000	\$ -	\$ 45,000	\$ 207,872	\$ 22,658	\$ 1,384,954
Round 26	\$ 1,440,576	\$ 130,500	\$ -	\$ 350,000	\$ 223,129	\$ 1,084,426	\$ 3,228,631
Round 27	\$ 2,005,615	\$ -	\$ -	\$ 180,000	\$ 159,763	\$ 170,960	\$ 2,516,338
Round 28	\$ 933,210	\$ -	\$ -	\$ -	\$ 68,000	\$ 175,290	\$ 1,176,500
Round 29	\$ 2,183,726	\$ 15,300	\$ -	\$ 148,965	\$ 163,702	\$ 15,000	\$ 2,526,693
Round 30	\$ 529,000	\$ -	\$ -	\$ -	\$ 115,000	\$ 85,000	\$ 729,000
Round 31	\$ 1,334,850	\$ -	\$ -	\$ 100,000	\$ 157,000	\$ 65,000	\$ 1,656,850
Round 32	\$ 400,135	\$ -	\$ -	\$ -	\$ 85,000	\$ 58,000	\$ 543,135
Round 33	\$ 1,672,721	\$ -	\$ -	\$ 100,000	\$ 472,909	\$ 136,000	\$ 2,381,630
Round 34	\$ 584,475	\$ -	\$ -	\$ -	\$ 25,000	\$ 85,000	\$ 704,475
Round 35	\$ 1,065,835	\$ -	\$ -	\$ -	\$ 47,700	\$ 80,000	\$ 1,193,535
Round 36	\$ 1,576,106	\$ 40,960	\$ -	\$ 50,000	\$ 129,470	\$ 159,881	\$ 1,956,417
Round 37	\$ 544,213	\$ -	\$ -	\$ 66,580	\$ 100,000	\$ 191,000	\$ 901,793
Round 38	\$ 1,011,977	\$ 55,000	\$ -	\$ -	\$ 100,000	\$ 191,000	\$ 1,239,977
Round 39	\$ 698,945	\$ -	\$ -	\$ 75,000	\$ 31,022	\$ 70,000	\$ 874,967
Round 40	\$ 683,828	\$ -	\$ -	\$ -	\$ 215,550	\$ 14,850	\$ 924,198
Round 41	\$ 939,515	\$ -	\$ -	\$ -	\$ 79,610	\$ 97,464	\$ 1,116,589
Total	\$ 32,196,188	\$ 2,142,375	\$ 250,000	\$ 2,942,925	\$ 4,772,157	\$ 4,448,317	\$ 46,631,962
Percent	69	5	0	6	10	10	100

*Working Capital Loans

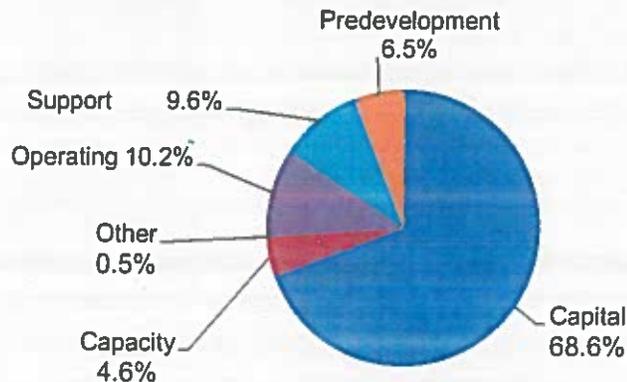


Exhibit A-1

MARYLAND AFFORDABLE HOUSING TRUST

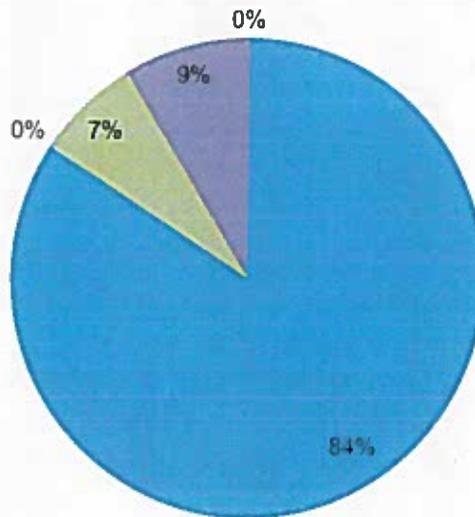
Awards Summary

Fiscal Year 2018 (July 1, 2017 through June 30, 2018)

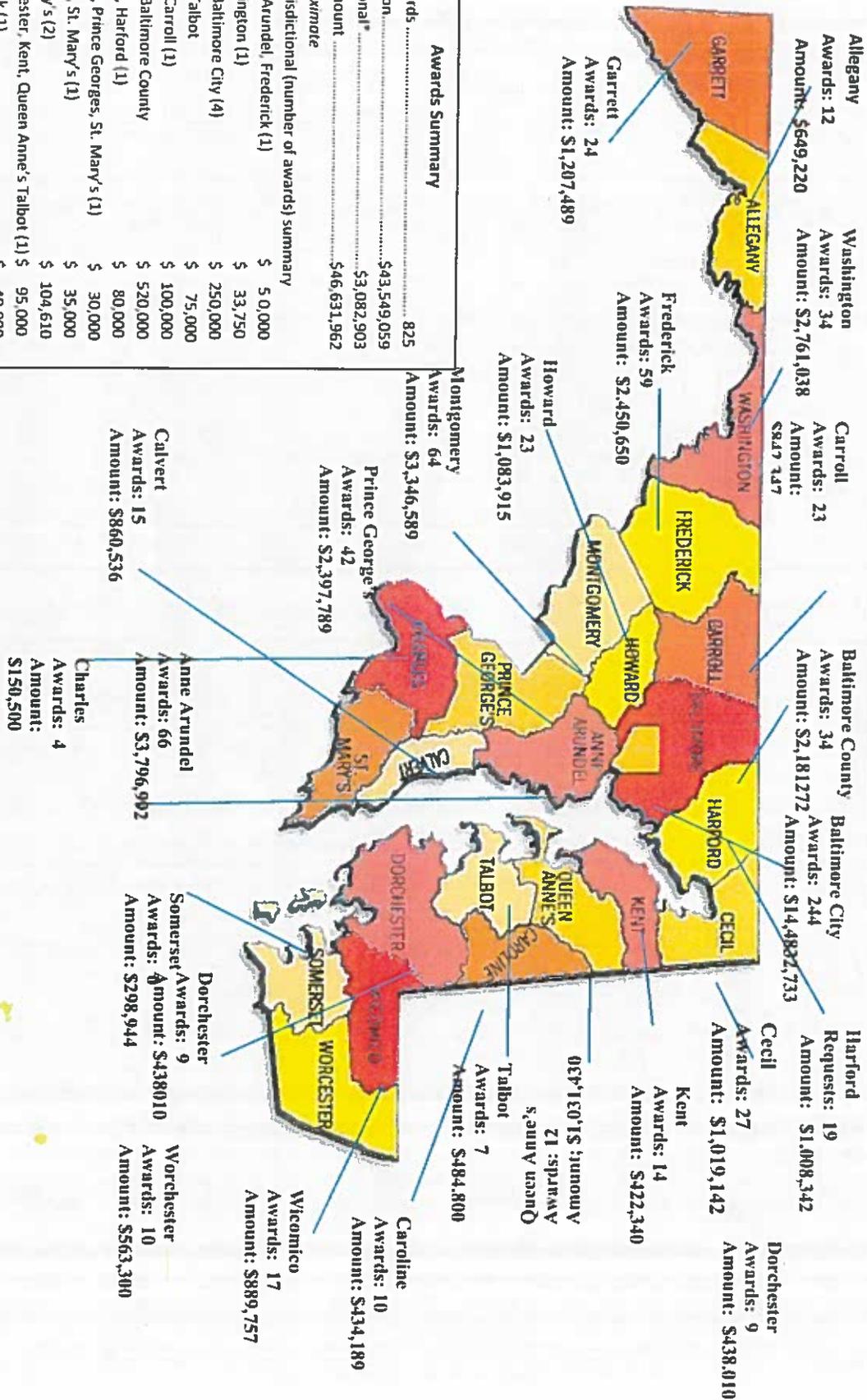
Activity Funded	Amount
Capital Projects	939,515
Predevelopment	-
Operating Assistance	79,610
Support Services	97,464
Capacity Building	-
Total	\$ 1,116,589

Rounds 41 by Activity Funded

- Capital Projects
- Predevelopment
- Operating Assistance
- Support Services
- Capacity Building



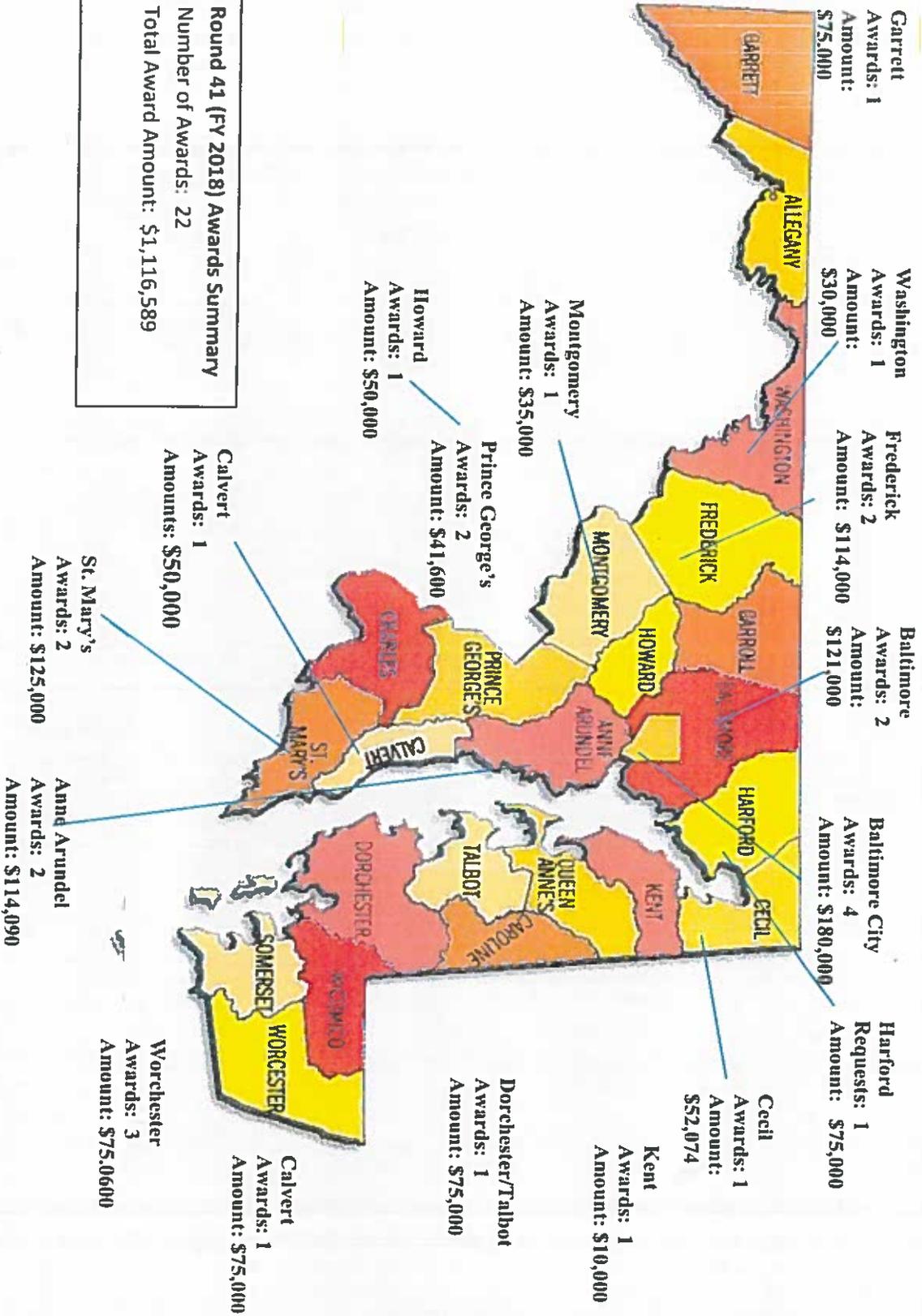
Maryland Affordable Housing Trust Awards by Jurisdiction: Round 1 - 41



Awards Summary	
Number of Awards	825
Single Jurisdiction	\$43,549,059
Multi-jurisdictional*	\$3,082,903
Total Award Amount	\$46,631,962
Numbers Approximate	
* Multi-jurisdictional (number of awards) summary	
Allegany, Anne Arundel, Frederick (1)	\$ 50,000
Allegany, Washington (1)	\$ 33,750
Anne Arundel, Baltimore City (4)	\$ 250,000
Anne Arundel, Talbot	\$ 75,000
Baltimore City, Carroll (1)	\$ 100,000
Baltimore City, Baltimore County	\$ 520,000
Baltimore, Cecil, Harford (1)	\$ 80,000
Calvert, Charles, Prince Georges, St. Mary's (1)	\$ 30,000
Calvert, Charles, St. Mary's (2)	\$ 35,000
Calvert, St. Mary's (1)	\$ 104,610
Caroline, Dorchester, Kent, Queen Anne's Talbot (1)	\$ 95,000
Carroll, Frederick (1)	\$ 40,000
Cecil, Harford (2)	\$ 90,000
Dorchester, Talbot (3)	\$ 215,000
Frederick, Washington (4)	\$ 413,703
Cecil, Howard, Harford (1)	\$ 7,500
Statewide (4)	\$1,451,310

Exhibit B

Maryland Affordable Housing Trust Awards by Jurisdiction: Round 41 (FY 2018)



Round 41 (FY 2018) Awards Summary
 Number of Awards: 22
 Total Award Amount: \$1,116,589

Exhibit C
MARYLAND AFFORDABLE HOUSING TRUST
Fiscal Year 2018 Awards
Round 41

ORGANIZATION	JURISDICTION	PROJECT NAME	AWARD
Arc of Prince George's County	Prince George's	Operating Funds	\$14,600.00
Bello Machre, Inc.	Anne Arundel	Whole House Generators	\$60,000.00
Chesapeake Neighbors, Inc.	Anne Arundel	Scattered Sites Repairs	\$54,090.00
Deep Roots	Cecil	Operating Funds and Self Sufficiency Support	\$52,074.00
Empire Homes	Baltimore City	Rehabilitation at Coldspring	\$60,000.00
Garrett County Community Action Committee, Inc.	Garrett	Scattered Sites Repairs	\$75,000.00
Habitat for Humanity Choptank, Inc.	Dorchester & Talbot	New Construction	\$75,000.00
Habitat for Humanity - Metro Maryland	Prince George's	New Construction	\$30,000.00
Habitat for Humanity - Susquehanna, Inc.	Harford	New Construction	\$75,000.00
Habitat for Humanity - Washington County	Washington	New Construction	\$30,000.00
Housing Commission of Calvert County	Calvert	Scattered Sites Repairs	\$50,000.00
Housing Authority of St. Mary's County	St. Mary's	Scattered Sites Repairs	\$50,000.00
Housing Authority of St. Mary's County	St. Mary's	Support Services and Self Sufficiency	\$75,000.00
Rebuilding Together Baltimore	Baltimore City & County	Critical Repairs for Low Income Homeowners	\$50,000.00
Rebuilding Together Howard County	Howard	Critical Needs Program	\$50,000.00
Rebuilding Together Kent County	Kent	Critical Needs Program	\$10,000.00
Religious Coalition for Emergency Needs	Frederick	Emergency Shelter Rehabilitaion	\$46,000.00
Saint Ambrose Housing Aid	Baltimore City	Operating	\$50,000.00
The Chimes, Inc.	Baltimore	Whole House Generators	\$71,825.00
Way Station, Inc.	Frederick	Rehabilitation of 4 Unit Low Income Housing	\$68,000.00
Women's Housing Coalition	Baltimore City	Rehabilitaion of Transitory Housing	\$35,000.00
Women's Housing Coalition	Baltimore City	Rehabilitation of Transitory Housing	\$35,000.00
TOTAL			\$1,116,589.00



Maryland Department of Housing and Community Development
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